

Registration number: 09763551

# PA Consulting Management Services Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 31 December 2021

## Contents

Company Information	1
Strategic Report	2 to 3
Directors' Report	4 to 6
Statement of Directors' Responsibilities	7
Income Statement	8
Statement of Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12 to 25

## Company Information

<b>Directors</b>	K Janjua
<b>Registered office</b>	10 Bressenden Place London SW1E 5DN
<b>Bankers</b>	HSBC Bank plc West End CBC 69 Pall Mall London SW1Y 5EY

## **Strategic Report for the Year Ended 31 December 2021**

The directors present their strategic report for the year ended 31 December 2021.

### **Principal activity**

The principal activities of the Company are holding investments in its direct and indirect subsidiaries and the provision of management services to other group companies.

### **Review of the business**

The Company's loss for the year was £59,559,518 (2020: profit of £25,929,017). The loss for the year is primarily due to interest on loans due to group companies and senior debt totalling £59,521,475. The directors consider the result for the year and the financial position at the end of the year to be in line with expectations.

### **Principal risks and uncertainties**

The Company is exposed to liquidity risk and manages its cash and borrowings in order to meet its working capital requirements, maximise interest income and minimise interest expense as effectively as possible.

The Company is a member of the PA Consulting Group Limited group of companies ('the Group'). Business performance and principal risks and uncertainties of the Company are integrated with the performance and principal risks of the Group, and are not managed separately. For this reason, the Company's directors believe that, with the exception of the liquidity and interest rate risks described above, further analysis is not necessary for an understanding of the development, performance, position or risks of the business. A detailed review of the business of the Group and a description of the other principal risks and uncertainties facing it can be found in the PA Consulting Group Limited report and accounts for 2021.

## Strategic Report for the Year Ended 31 December 2021

### Section 172(1) Statement

This section comprises our Section 172(1) Statement and should be read in conjunction with the strategic report on page 2.

The directors of the Company have acted in a way they considered, in good faith, to be most likely to promote the success of the Company for the benefit of the members as a whole, and in doing so had regard, among other things to:

- the likely consequences of any decision in the long term
- the need to foster business relationships with suppliers, customers and others
- the impact of the Company's operations on the community and the environment
- the desirability of the Company maintaining its reputation for high standards of business conduct
- the need to act fairly as between the members of the Company.

The Company is a wholly-owned subsidiary of PA Consulting Group Limited and its governance and operating practices are aligned with the Group.

The PA Consulting Group has six core values - passionate about people, inspired by client value, creating commercial success, prizing our ethical approach, seeking to excel and achieving success through shared endeavours. These values are enshrined in our Code of Conduct and drive the way PA and its board behave with clients, with each other and with everyone else we meet through our work.

Our core values, which are set by the board of PA Consulting Group Limited, define our organisation and represent a personal commitment by every one of our people worldwide. The governance and control framework which is in place across the PA Group ensures that our core values are upheld and that decisions made by the board of the Company give due regard to the long-term impact of those decisions, the interests of the Group and Company's stakeholders, and the impact of the Company's activities on the community, the environment and the Company's reputation. The key stakeholders which are considered by the Board when making decisions include our people, clients and shareholders, as well as suppliers, the environment and the communities around us.

The directors of the Company have access to advice and guidance from the Group Company Secretary, as well as PA's company secretariat and Group legal functions when discharging their duties. No disclosure is provided regarding engagement with employees as the Company had fewer than 250 employees in the year. Disclosure of the PA Group's engagement with employees can be found in the PA Consulting Group Limited report and accounts for 2021.

Approved by the Board on 15 September 2022 and signed on its behalf by:



.....  
K Janjuah  
Director

## **Directors' Report for the Year Ended 31 December 2021**

The directors present their report and the financial statements for the year ended 31 December 2021.

### **Directors of the Company**

The directors who held office during the year ended 31 December 2021 and up to the date of signing of the financial statements were as follows:

R Cameron (resigned 29 November 2021)

K Janjuah

A Middleton (resigned 31 December 2021)

The following directors were appointed after the year end:

H Maule (appointed 12 January 2022)

K Toombs (appointed 12 January 2022)

### **Dividends**

The directors do not recommend a dividend payment during the year (2020: £4 million). The Company did not receive a dividend during the year (2020: £83 million).

### **Employee involvement**

We encourage people across PA to take active responsibility for improving our performance whether through enhancing working practices or drawing attention to behaviours or other issues which give them concern. To encourage feedback and suggestions, PA has introduced procedures and mechanisms to create a culture that allows people to speak up with confidence and in good faith in the expectation of being heard. PA regularly conducts employee surveys and provides all employees with access to a 'Give PA your suggestions' facility. Employees and third parties, including clients and suppliers, can also raise concerns through a confidential and anonymous whistle-blowing helpline that is operated externally.

### **Supporting colleagues with disabilities**

PA is committed to creating a work environment that supports and inspires all individuals, and we give full consideration to applications from people with disabilities. Arrangements are made for PA employees who have become disabled in their time at PA to be supported in their current roles or to be trained for other positions within our organisation. Employees with disabilities are provided with equal access to learning, career development and promotion as are available to all employees, within the limitations of their aptitudes and abilities.

### **Future developments**

In 2022 the Company will no longer provide management services to other companies in the PA Consulting Group Limited group of companies. This is because the current employees of the Company transferred employment to PA Holdings Limited, another group company, as at 1st January 2022.

## **Directors' Report for the Year Ended 31 December 2021**

### **Going concern**

Having considered the financial position, trading performance and forecast cash flows, along with the principal risks of the business, of the Company and wider PA Group, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Despite being loss making in the year and having net current liabilities at 31 December 2021, the Company has the full support of its intermediate parent PA Consulting Group Limited, a company with a strong financial position at 31 December 2021.

As described in the Group Annual Report the Directors have taken into account short and mid-term trading and cash forecasts, potential global or economic impacts on the numbers included in those forecasts and the availability of funding sources for the Group. The base forecasts used as part of the review align with the Group's board-approved budget and long-term plan and show operating cashflow to be strong throughout. Consideration has been given to any potential downside from the current Ukraine-Russia conflict and the increasing inflationary environment in the UK (the Group's predominant geography).

The Company and Group do not operate in either Ukraine or Russian territories and therefore the conflict is not expected to create a significant disruption to the current business model. A forecast scenario representing a reasonable increase to costs and prices has been prepared and reviewed to understand the potential impact on the business from continued inflation which demonstrated that a sufficient amount of operational cash headroom is available to the Group to tolerate such increases. The Group's business model has meant that historically the Group is self-funding from its operating cash generation. Trading and cash conversion has mostly been unaffected by the economic uncertainty in the last two years which has shown that this business model is robust and flexible to adapt to external volatility.

On the basis of the Group's forecast position, and from the outcome of the downside scenario, the directors are satisfied that the Group's business model is robust and flexible. The directors are further satisfied that the Company has sufficient resources and liquidity to continue to trade for the foreseeable future and conclude that there are no significant doubts about the Company's ability to continue as a going concern.

## Directors' Report for the Year Ended 31 December 2021

### Directors' liabilities

In accordance with the Articles of Association, the sole shareholder has provided to all the directors an indemnity (to the extent permitted by the Companies Act 2006) in respect of liabilities incurred as a result of their office. The Group has taken out an insurance policy in respect of those liabilities for which directors may not be indemnified. Neither the indemnity nor insurance provides cover in the event that the director is proved to have acted dishonestly or fraudulently.

Approved by the Board on 15 September 2022 and signed on its behalf by:



.....  
K Janjuah  
Director

## **Statement of Directors' Responsibilities**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare the financial statements for each financial year.

Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom accounting standards, specifically FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland', and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Income Statement for the Year Ended 31 December 2021

	Note	2021 £	2020 £
Turnover	2	1,249,186	913,839
Cost of sales		<u>(1,193,615)</u>	<u>(870,323)</u>
Gross profit		55,571	43,516
Administrative expenses		<u>(93,614)</u>	<u>(178,037)</u>
Operating loss		(38,043)	(134,521)
Income from shares in group undertakings	3	-	83,000,000
Interest payable and similar charges	4	<u>(59,521,475)</u>	<u>(57,075,055)</u>
(Loss)/profit before tax		(59,559,518)	25,790,424
Taxation	7	<u>-</u>	<u>138,593</u>
(Loss)/profit for the financial year		<u><u>(59,559,518)</u></u>	<u><u>25,929,017</u></u>

The above results were derived from continuing operations.

## Statement of Comprehensive Income for the Year Ended 31 December 2021

	2021 £	2020 £
(Loss)/profit for the year	<u>(59,559,518)</u>	<u>25,929,017</u>
Total comprehensive (loss)/income for the year	<u><u>(59,559,518)</u></u>	<u><u>25,929,017</u></u>

## Statement of Financial Position as at 31 December 2021

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Investments	8	608,357,083	608,357,083
<b>Current assets</b>			
Debtors: amounts falling due within one year	9	9,727,089	14,546,944
Cash at bank and in hand	10	<u>21,092</u>	<u>334</u>
		9,748,181	14,547,278
<b>Creditors: Amounts falling due within one year</b>	11	<u>(672,590,169)</u>	<u>(146,402,587)</u>
<b>Net current liabilities</b>		<u>(662,841,988)</u>	<u>(131,855,309)</u>
<b>Total assets less current liabilities</b>		(54,484,905)	476,501,774
<b>Creditors: Amounts falling due after more than one year</b>	12	<u>-</u>	<u>(471,431,075)</u>
<b>Net (liabilities)/assets</b>		<u>(54,484,905)</u>	<u>5,070,699</u>
<b>Capital and reserves</b>			
Called up share capital	14	2,638,021	2,638,021
Share premium reserve	15	-	23,742,178
Capital contribution reserve	15	3,914	-
Profit and loss account		<u>(57,126,840)</u>	<u>(21,309,500)</u>
<b>Total equity</b>		<u>(54,484,905)</u>	<u>5,070,699</u>

For the financial year ending 31 December 2021 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements of the Company were authorised for issue by the Board of Directors on 15 September 2022 and signed on its behalf by:

  
 .....

K Janjuah  
Director

**PA Consulting Management Services Limited**  
**Registration number: 09763551**

The notes on pages 12 to 25 form an integral part of these financial statements.

## Statement of Changes in Equity for the Year Ended 31 December 2021

	Share capital £	Share premium £	Capital contribution reserve £	Profit and loss account £	Total £
At 1 January 2021	2,638,021	23,742,178	-	(21,309,500)	5,070,699
Loss for the year	-	-	-	(59,559,518)	(59,559,518)
Total comprehensive loss	-	-	-	(59,559,518)	(59,559,518)
Share premium reduction	-	(23,742,178)	-	23,742,178	-
Share based payment transactions	-	-	3,914	-	3,914
At 31 December 2021	<u>2,638,021</u>	<u>-</u>	<u>3,914</u>	<u>(57,126,840)</u>	<u>(54,484,905)</u>

	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 January 2020	2,638,021	23,742,178	(43,238,517)	(16,858,318)
Profit for the year	-	-	25,929,017	25,929,017
Total comprehensive income	-	-	25,929,017	25,929,017
Dividends	-	-	(4,000,000)	(4,000,000)
At 31 December 2020	<u>2,638,021</u>	<u>23,742,178</u>	<u>(21,309,500)</u>	<u>5,070,699</u>

The notes on pages 12 to 25 form an integral part of these financial statements.

## **Notes to the Financial Statements for the Year Ended 31 December 2021**

### **1 Accounting policies**

#### **Statement of compliance**

The Company is a private company limited by shares and is incorporated in England. The registered office is 10 Bressenden Place, London, SW1E 5DN.

The Company's financial statements have been prepared in compliance with FRS 102 'The Financial Reporting Standard applicable to the UK and the Republic of Ireland' as it applies to the financial statements of the Company for the year ended 31 December 2021.

The principal accounting policies used in preparing these financial statements are set out below. These policies have been consistently applied to the periods presented in dealing with items that are considered material in relation to the financial statements.

In preparing financial statements, management develops estimates and judgements that affect the reported amount of assets and liabilities, revenues and costs, and related disclosure of contingent assets and liabilities at the date of the financial statements. Actual results may differ from these estimates under different assumptions or conditions.

#### **Basis of preparation**

The financial statements have been prepared in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards.

The financial statements have been prepared on the going concern basis of accounting under the historical cost convention.

The financial statements are presented in pounds sterling.

## Notes to the Financial Statements for the Year Ended 31 December 2021

### Going concern

Having considered the financial position, trading performance and forecast cash flows, along with the principal risks of the business, of the Company and wider PA Group, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Despite being loss making in the year and having net current liabilities at 31 December 2021, the Company has the full support of its intermediate parent PA Consulting Group Limited, a company with a strong financial position at 31 December 2021.

As described in the Group Annual Report the Directors have taken into account short and mid-term trading and cash forecasts, potential global or economic impacts on the numbers included in those forecasts and the availability of funding sources for the Group. The base forecasts used as part of the review align with the Group's board-approved budget and long-term plan and show operating cashflow to be strong throughout. Consideration has been given to any potential downside from the current Ukraine-Russia conflict and the increasing inflationary environment in the UK (the Group's predominant geography).

The Company and Group do not operate in either Ukraine or Russian territories and therefore the conflict is not expected to create a significant disruption to the current business model. A forecast scenario representing a reasonable increase to costs and prices has been prepared and reviewed to understand the potential impact on the business from continued inflation which demonstrated that a sufficient amount of operational cash headroom is available to the Group to tolerate such increases. The Group's business model has meant that historically the Group is self-funding from its operating cash generation. Trading and cash conversion has mostly been unaffected by the economic uncertainty in the last two years which has shown that this business model is robust and flexible to adapt to external volatility.

On the basis of the Group's forecast position, and from the outcome of the downside scenario, the directors are satisfied that the Group's business model is robust and flexible. The directors are further satisfied that the Company has sufficient resources and liquidity to continue to trade for the foreseeable future and conclude that there are no significant doubts about the Company's ability to continue as a going concern.

### Summary of disclosure exemptions

The financial statements contain information about the Company as an individual company and do not contain consolidated financial information. The Company has taken advantage of the exemption under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent company, PA Consulting Group Limited, which are publicly available.

The financial statements of PA Consulting Group Limited may be obtained from 10 Bressenden Place, London, SW1E 5DN.

## Notes to the Financial Statements for the Year Ended 31 December 2021

FRS 102 paragraphs 1.12 and 33.1A allow a qualifying entity certain disclosure exemptions. These disclosure exemptions are available subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders. The equivalent disclosures are included in the consolidated financial statements of PA Consulting Group Limited.

The Company has taken advantage of the following exemptions:

(i) from preparing a statement of cash flows as required by FRS 102 Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d);

(ii) from disclosing share based payment arrangements using equity instruments of another group entity as required by FRS 102 paragraphs 26.18(a), 26.18(b), 26.19 to 26.21 and 26.23;

(iii) from disclosing transactions entered into between the Company and other wholly owned companies within the PA Consulting Group Limited group as required by FRS 102 paragraphs 33.8 to 33.14;

(iv) from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7;

(v) from disclosing the financial instrument disclosures, required under FRS 102 paragraphs 11.41(b) / (c) / (e) / (f), 11.42, 11.44 to 11.45, 11.47, 11.48 (a) (iii) / (iv), 11.48 (b) / (c) and paragraphs 12.26 to 12.27, 12.29 (a) / (b) and 12.29A, as the information is provided in the consolidated financial statement disclosures.

### Turnover

All turnover recognised within PA Consulting Management Services Limited is received from other PA Consulting Group Limited group companies via recharges for management services provided by the Company.

### Interest income and expense

Interest income and expense is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable.

### Foreign currency transactions and balances

#### (a) Functional and presentation currency

The financial statements are presented in sterling, which is the Company's functional and presentation currency.

#### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated at rates ruling at the balance sheet date. Such exchange differences are included in the profit and loss account under other administrative expenses. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the initial transactions.

## Notes to the Financial Statements for the Year Ended 31 December 2021

### **Tax**

Any taxable losses that the Company has are surrendered to other group entities for nil consideration.

Taxable loss differs from loss before tax as reported in the Company income statement as it excludes certain items of income and expense that are taxable or deductible in other years or are never taxable or deductible

### **Fixed asset investments**

In the Company statement of financial position, investment in subsidiaries is stated at cost less provision for impairment in value.

### **Cash**

Cash includes cash in hand, deposits held with banks, other short-term deposits and other liquid investments accessible within 24 hours without penalty.

### **Share capital**

Issued share capital is classified as equity instruments or financial liabilities according to the substance of the contractual arrangement entered into.

### **Dividends**

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

### **Employee benefits**

#### ***Defined contribution plans***

Contributions to defined contribution schemes are recognised in the income statement in the period in which they become payable.

### **Financial instruments**

Other receivables do not carry interest and are stated at amortised cost net of any provisions.

Trade and other payables are not interest-bearing and are stated at amortised cost.

All interest-bearing loans and borrowings are initially recognised at net proceeds. After initial recognition debt is increased by the finance cost in respect of the reporting period and reduced by repayments made in the period.

Finance costs of debt are allocated over the term of the debt at a constant rate on the carrying amount.

Interest payable is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

## **Notes to the Financial Statements for the Year Ended 31 December 2021**

### **Share based payments**

The Company provides benefits to certain senior personnel in the form of equity-settled share-based payment transactions, whereby employees render services in exchange for shares in PA Consulting Group Limited.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straightline basis over the vesting period (the expense being recorded within the Company's employment costs together with a corresponding capital contribution from PA Consulting Group Limited in reserves), based on the estimate of the number of equity instruments that will eventually vest. At each reporting date, the estimate of the number of equity instruments expected to vest as a result of the effect of service or non-market-based vesting conditions is revised. The impact of the revision of the original estimates, if any, is recognised in employment costs in the income statement such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

The cumulative capital contributions from the parent company are recorded in the capital contribution reserve.

Details of the share-based payment arrangements are disclosed in the annual report of PA Consulting Group Limited.

### **Critical accounting judgements and estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions in the application of accounting policies that affect reported amounts of assets and liabilities, income and expenses. The Company bases its estimates and judgements on historical experience and other factors deemed reasonable under the circumstances, including any expectations of future events. Actual results may differ from these estimates. The estimates and judgements considered to be significant are detailed below:

#### ***Impairment of investments***

Annually, the Company considers whether investments are impaired. This requires an estimation of the value-in-use of the underlying cash-generating units to which the investments relate. Value-in-use calculations require assumptions to be made regarding the expected future cash flows from the cash-generating unit and choice of suitable discount rate to calculate the present value of those cash-flows. If the actual cash flows are lower than estimated, impairments may be necessary.

## Notes to the Financial Statements for the Year Ended 31 December 2021

### 2 Turnover

The analysis of the company's turnover for the year by market is as follows:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
UK	<u>1,249,186</u>	<u>913,839</u>

All turnover is derived from the rendering of management services.

### 3 Income from shares in group undertakings

During the year no dividend (2020: £83,000,000) was received from PA Consulting Holdings Limited.

### 4 Interest payable

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Interest payable on rollover loan notes	56,571,729	50,510,472
Interest payable on senior debt	637,920	4,719,460
Debt issue costs	654,555	692,500
Interest payable on amounts owed to group undertakings	<u>1,657,271</u>	<u>1,152,623</u>
	<u>59,521,475</u>	<u>57,075,055</u>

### 5 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Wages and salaries	1,025,090	746,662
Social security costs	143,063	103,255
Pension costs, defined contribution scheme	19,218	17,280
Share-based payment expenses	<u>3,914</u>	<u>-</u>
	<u>1,191,285</u>	<u>867,197</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	<b>2021</b>	<b>2020</b>
	<b>No.</b>	<b>No.</b>
Management	<u>2</u>	<u>2</u>

### 6 Directors' remuneration

The directors' remuneration for the year was as follows:

## Notes to the Financial Statements for the Year Ended 31 December 2021

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Aggregate emoluments in respect of qualifying services	2,683,578	6,137,872
Company contributions to money purchase pension schemes	<u>17,616</u>	<u>17,280</u>
	<u><u>2,701,194</u></u>	<u><u>6,155,152</u></u>

The emoluments of one director were paid by PA Holdings Limited, a fellow group company for 2020 and for 2021.

The emoluments of two directors were paid by the Company for 2020 and for 2021.

In respect of the highest paid director:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Total amount of emoluments and amounts receivable under long-term incentive schemes	<u><u>1,361,474</u></u>	<u><u>4,996,113</u></u>

## Notes to the Financial Statements for the Year Ended 31 December 2021

### 7 Taxation

(a) Tax on (loss)/profit on ordinary activities

Tax credited in the income statement

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Current taxation</b>		
UK corporation tax adjustment to prior periods	<u>-</u>	<u>(138,593)</u>

The tax credit on (loss)/profit for the year is higher than the standard rate of corporation tax in the UK of 19% (2020 lower than the standard rate of corporation tax in the UK - 19%).

The differences are reconciled below:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
(Loss)/profit before tax	<u>(59,559,518)</u>	<u>25,790,424</u>
Corporation tax at standard rate	(11,316,308)	4,900,181
Effect of revenues exempt from taxation	-	(15,770,000)
Non-deductible loan interest	-	912,000
Effect of expense not deductible in determining taxable (loss)/profit	633	-
Group relief surrendered for nil consideration	11,315,675	9,957,819
Adjustments for prior periods	<u>-</u>	<u>(138,593)</u>
Total tax credit	<u>-</u>	<u>(138,593)</u>

(b) Factors that may affect future tax charges

The Finance Act 2016 included legislation to reduce the main rate of UK corporation tax from 20 per cent to 19 per cent from 1 April 2017 and to 17 per cent from 1 April 2020. The rate reduction to 17 per cent was subsequently reversed by the Finance Act 2020, such that the main rate of UK corporation tax from 1 April 2021 remains at 19 per cent.

The Finance Act 2021 confirmed an increase of UK corporation tax rate from 19 per cent to 25 per cent with effect from 1 April 2023 and this was substantively enacted by the statement of financial position date.

## Notes to the Financial Statements for the Year Ended 31 December 2021

### 8 Fixed asset investments

	2021 £	2020 £
Investments in subsidiaries	<u>608,357,083</u>	<u>608,357,083</u>
<b>Subsidiaries</b>		<b>£</b>
<b>Cost</b>		
At 1 January 2021		<u>608,357,083</u>
<b>Carrying amount</b>		
At 31 December 2021		<u>608,357,083</u>
At 31 December 2020		<u>608,357,083</u>

#### Details of undertakings

The subsidiary undertakings as at 31 December 2021 are shown below. All are wholly owned either directly or indirectly by the Company unless otherwise stated. All subsidiaries prepare accounts up to 31 December each year except for PA Consulting Services (India) Private Limited, Nyras Limited and Nyras Capital LLP, which prepare accounts up to 31 March.

#### Directly held

Name	Country	Registered office address	Class of share held	Nature of business
PA Consulting Holdings Limited	United Kingdom	10 Bressenden Place, London, SW1E 5DN	Ordinary	Holding company

#### Indirectly held

Name	Country	Registered office address	Class of share held	Nature of business
PA Consulting Group A/S	Denmark	Portland Towers, Goteborg Plads 1, K-1250 Copenhagen	Ordinary	Consultancy
PA Consulting Holdings ApS	Denmark	Portland Towers, Goteborg Plads 1, DK-2150 Copenhagen	Ordinary	Holding company
PA Consulting Group GmbH	Germany	An der Welle 3, 60322 Frankfurt, Germany	Ordinary	Consultancy
PA Consulting Group Limited	Hong Kong	Suite 1106-B, 11/F, Tai Yau Building, No. 181 Johnston Road, Wanchai	Ordinary	Consultancy
PA Consulting Services (India) Private Limited	India	4A & 4B Gold Nest, Wind Tunnell Road, Murugeshpalya, Bangalore 560017	Ordinary	Dormant
PA Consulting Group, S.de R.L. de C.V	Mexico	Torre Mayor, Paseo de la Reforma, No. 505, Piso 2, Col. Cuauhtemoc, Cuauhtemoc, 06500 Mexico City	Quota	Consultancy
PA Consulting Mexico Services S.A.de C.V.	Mexico	Torre Mayor, Paseo de la Reforma, No. 505, Piso 2, Col. Cuauhtemoc, Cuauhtemoc, 06500 Mexico City	Ordinary	Consultancy
PA Consulting Group BV	Netherlands	Gebouw B, Papendorpseweg 97, 3528 BJ Utrecht	Ordinary	Holding company

## Notes to the Financial Statements for the Year Ended 31 December 2021

PA Consulting Services BV	Netherlands	Gebouw B, Papendorpseweg 97, 3528 BJ Utrecht	Ordinary	Consultancy
PA Holdings BV	Netherlands	Gebouw B, Papendorpseweg 97, 3528 BJ Utrecht	Ordinary and preference	Holding company
PA International Holdings BV	Netherlands	Gebouw B, Papendorpseweg 97, 3528 BJ Utrecht	Ordinary	Holding company
PA Consulting Group Limited	New Zealand	BDO Auckland, Level 4, BDO Centre, 4 Graham Street, Auckland Central 1010	Ordinary	Consultancy
PA Consulting Group AS	Norway	Verkstedveien 1, PO Box 150, Skøyen, 0277 Oslo	Ordinary	Consultancy
PA Consulting Group (Qatar) LLC <sub>1</sub>	Qatar	Level 14, Commercial Bank Plaza, West Bay, Doha	Ordinary	Consultancy
PA Consulting Group AB	Sweden	Jakobsbergsgatan 17, 111 44 Stockholm	Ordinary	Consultancy
7 Safe Limited	United Kingdom	10 Bressenden Place, London, SW1E 5DN	Ordinary	Consultancy
Nyras Capital LLP	United Kingdom	10 Bressenden Place, London, SW1E 5DN		Consultancy
Nyras Limited	United Kingdom	10 Bressenden Place, London, SW1E 5DN	Ordinary	Consultancy
PA Consulting Government Services Limited	United Kingdom	10 Bressenden Place, London, SW1E 5DN	Ordinary	Consultancy
PA Consulting Services Limited	United Kingdom	10 Bressenden Place, London, SW1E 5DN	Ordinary	Consultancy
PA Finance Limited	United Kingdom	10 Bressenden Place, London, SW1E 5DN	Ordinary	Holding company
PA Group Treasury Services Limited	United Kingdom	10 Bressenden Place, London, SW1E 5DN	Ordinary	Treasury services company
PA Holdings Limited	United Kingdom	10 Bressenden Place, London, SW1E 5DN	Ordinary	Holding company
PA International Consulting Group Limited	United Kingdom	10 Bressenden Place, London, SW1E 5DN	Ordinary	Holding company
PA Knowledge Limited	United Kingdom	10 Bressenden Place, London, SW1E 5DN	Ordinary	Consultancy
PA Middle East Limited	United Kingdom	10 Bressenden Place, London, SW1E 5DN	Ordinary	Consultancy
PA Netherlands Treasury Services Limited	United Kingdom	10 Bressenden Place, London, SW1E 5DN	Ordinary	Treasury services company
PA Overseas Holdings Limited	United Kingdom	10 Bressenden Place, London, SW1E 5DN	Ordinary	Holding company
PA Pension Trustees Limited <sub>2</sub>	United Kingdom	10 Bressenden Place, London, SW1E 5DN	Ordinary	Dormant
PA Pension Trustees Two Limited <sub>2</sub>	United Kingdom	10 Bressenden Place, London, SW1E 5DN	Ordinary	Dormant

## Notes to the Financial Statements for the Year Ended 31 December 2021

PA Perfect Cost Grid Limited	United Kingdom	10 Bressenden Place, London, SW1E 5DN	Ordinary	Consultancy
PA Technology Solutions Limited	United Kingdom	10 Bressenden Place, London, SW1E 5DN	Ordinary	Consultancy
PA Treasury Services (US) Limited	United Kingdom	10 Bressenden Place, London, SW1E 5DN	Ordinary	Treasury services company
PACG2 Limited	United Kingdom	10 Bressenden Place, London, SW1E 5DN	Ordinary	Holding company
Sparkler Limited	United Kingdom	3rd Floor, 58-60 Berners Street, London, W1T 3NQ	Founder shares, growth shares and ordinary shares	Consultancy
The PA Foundation	United Kingdom	10 Bressenden Place, London, SW1E 5DN		Charity
We Are Friday Limited	United Kingdom	50 Farringdon Road, London, EC1M 3HE	Ordinary	Dormant
Cooper Perkins Inc	USA	10 Maguire Road, Building 4, Lexington MA 02421	Common stock of no par value	Consultancy
PA Consulting Group Inc.	USA	Suite 903, 55 Cambridge Parkway, Cambridge, MA 02142	Common and preference	Consultancy
PA US Holdings Inc.	USA	Suite 903, 55 Cambridge Parkway, Cambridge, MA 02142	Common and preference	Holding company
Essential Inc	USA	143 South Street, 6th Floor, Boston MA 02111	Common	Dormant

1. 49% holding in accordance with Qatar Commercial Companies Law.
2. 48% owned by PA Consulting Services Limited, 52% owned by Trustees.

### 9 Debtors: amounts falling due within one year

	2021 £	2020 £
Amounts owed by group undertakings	9,727,089	14,524,444
Prepayments	-	22,500
	<u>9,727,089</u>	<u>14,546,944</u>

### 10 Cash and cash equivalents

	2021 £	2020 £
Cash at bank	<u>21,092</u>	<u>334</u>

## Notes to the Financial Statements for the Year Ended 31 December 2021

### 11 Creditors: amounts falling due within one year

	2021	2020
	£	£
Amounts owed to group undertakings	144,562,670	46,832,453
Accrued expenses	8,333	205,790
Other payables	16,362	18,899
Senior debt	-	99,345,445
Unsecured transferable rollover loan note	528,002,804	-
	<u>672,590,169</u>	<u>146,402,587</u>

On 11 December 2015, the Company issued £272,149,464 unsecured transferable 12% rollover loan notes to its parent, PA Consulting Group Finance Limited. Interest accrues at 12%, compounded each year.

The rollover loan notes were repayable on the earlier of a Carlyle exit or 11 December 2023. Carlyle exited from its holding in the Group in a transaction on 2 March 2021. Hence these are now disclosed as current as at 31 December 2021.

A further consequence of the Carlyle exit was that the senior debt was settled on 2nd March 2021, when the Company repaid the bank loan in full. This was financed by an intercompany loan from PA Group Treasury Services Limited.

### 12 Creditors: amounts falling due after one year

	2021	2020
	£	£
Unsecured transferable rollover loan notes	<u>-</u>	<u>471,431,075</u>

As described in note 11 the unsecured transferable rollover loan notes are disclosed as current in the financial statements for the year ended 31 December 2021.

### 13 Pension and other schemes

#### Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £19,218 (2020 - £17,280).

Contributions of £nil were payable to the scheme at the end of the year (2020 - £nil).

## Notes to the Financial Statements for the Year Ended 31 December 2021

### 14 Share capital

#### Allotted, called up and fully paid shares

	2021		2020	
	No.	£	No.	£
Ordinary shares of £0.01 each	43,865,761	438,658	43,865,761	438,658
Preference shares of £0.01 each	<u>219,936,320</u>	<u>2,199,363</u>	<u>219,936,320</u>	<u>2,199,363</u>
	<u>263,802,081</u>	<u>2,638,021</u>	<u>263,802,081</u>	<u>2,638,021</u>

#### Redeemable preference shares

The preference shares are redeemable at issue price, plus any unpaid dividends. Dividends accrue at 12%, compounded each year. The preference shares are unsecured and transferable. The preference shares do not carry the right to vote and, in the event of a liquidation or return of capital, rank above other shares with regard to the Company's residual assets.

### 15 Reserves

#### Share premium

This reserve records the amount above the nominal value received for shares issued, less transaction costs. However on 12th October 2021 a written resolution was passed by the board to approve the reduction of the Company's share premium account of £23.7m and transferring it to the Company's distributable reserves. The capital reduction was by way of the solvency statement procedure under section 641(1)(a) of the Act.

#### Capital contribution reserve

This reserve records the capital contribution from the parent company as a result of share-based payments.

## **Notes to the Financial Statements for the Year Ended 31 December 2021**

### **16 Parent and ultimate parent undertaking**

The company's immediate parent is PA Consulting Group Finance Limited, incorporated in England and Wales.

The ultimate parent is Jacobs Engineering Group, Inc, incorporated in the United States of America.

The most senior parent entity producing publicly available financial statements is Jacobs Engineering Group, Inc. These financial statements are available upon request from 1999 Bryan Street, Suite 1200, Dallas, TX 75201, USA.

The ultimate controlling party is Jacobs Engineering Group, Inc.

### **Relationship between entity and parents**

The parent of the largest group in which these financial statements are consolidated is Jacobs Engineering Group, Inc, incorporated in the United States of America.

The address of Jacobs Engineering Group, Inc is:  
1999 Bryan Street, Suite 1200, Dallas, TX 75201, USA

The parent of the smallest group in which these financial statements are consolidated is PA Consulting Group Limited, incorporated in England and Wales.

The address of PA Consulting Group Limited is:  
10 Bressenden Place, London, SW1E 5DN